



# I. STRS Membership

## Membership in the STRS Defined Benefit Plan (DB Plan)

Membership in the STRS DB Plan is generally available to persons employed in the California public school system, kindergarten through community college, in positions that require a credential, certificate or permit, or require the employee to meet minimum standards adopted by the Board of Governors of the California Community Colleges.

Only activities identified as “creditable service” are subject to STRS DB Plan coverage. These activities include teaching, vocational or guidance counseling, services related to school curriculum, and a variety of administrative duties.

If you are a classroom teacher or are performing other activities that are *creditable service*, you may be a STRS DB Plan member as mandated by law, or you may be eligible to elect membership.

Employment in a certificated position in a Charter School is subject to coverage only if the charter of the school provides for participation in the STRS DB Plan.

### Mandatory Membership

If you are employed to perform creditable service on a full-time basis, you will become a STRS DB Plan member on the first day of employment.

Full time is defined as the number of days or hours in a school year that the employer requires a “class of employees” to work. For example, under a collective bargaining or employment agreement, an employer might require guidance counselors in a high school to work a specific number of days each school year. Therefore, guidance counselors would constitute a class of employees. (See the Glossary, Section XI, for more information about what constitutes full time and “class of employees.”)



Many teachers and others who perform creditable service are not hired to work full time by an employer. For those who are hired to work less than half-time, STRS offers an alternative retirement plan called the STRS Cash Balance Plan (CB Plan). However, the CB Plan is optional for employers.

*Except for Section II, the programs and benefits described in this book refer to the STRS Defined Benefit Plan only. For information on STRS Cash Balance Plan, see Section II, STRS Cash Balance Plan.*



Mandatory STRS DB Plan membership requirements vary, depending upon your employment status and whether or not the STRS CB Plan is offered by employers to part-time employees in the district.



## Employers Who Do *Not* Offer STRS Cash Balance Plan

In school districts, county offices of education, or community college districts that do not offer the STRS Cash Balance Plan, the following mandatory DB Plan membership requirements apply:

Employment Status	Mandatory Membership Begins
Hired on part-time ..... hourly basis	First day of pay period following pay period basis in which he or she performs creditable service in one school district, community college district, or county superintendent's office for 60 or more hours
Hired on part-time ..... daily basis	Same as above except for 10 or more days
Hired as a substitute .....	Same as above except for 100 or more complete days during the school year

## Employers Who Offer the STRS Cash Balance Plan

In school districts, county offices of education, or community college districts that do offer the STRS Cash Balance Plan, the following mandatory STRS DB Plan membership requirement applies:

Employment Status	Mandatory Membership Begins
Hired on part-time ..... basis	First day of pay period in which the basis of employment (the employee's contract for employment) changed to 50 percent, or more, of full time in the position

## Electing DB Plan Membership ... Part-Time or Substitute Employees

Anyone who performs creditable service in the California public school system is eligible to elect membership in the STRS DB Plan.

If you are hired as a substitute or on a part-time basis, but do not work sufficiently to qualify for mandatory membership, you can

choose to become a member by election in the STRS DB Plan. Your employer must formally notify you of your right to elect membership in the STRS DB Plan.

The election can only be made during a pay period in which you have performed creditable service and must be made on the appropriate form provided by the employer. The effective date of membership is the first day of the pay period in which the election is made. If you elect membership, that decision is irrevocable and applies to all subsequent creditable service you perform. You must remain a member until you terminate all public school employment and elect to receive a refund of your contributions to the plan.

## Changing Employment to a Different Public Retirement System

Occasionally, teachers or others who perform STRS creditable service change employment to positions that are subject to coverage by another California public retirement system. For example, a classroom teacher may take a position as a human resources specialist in the district office, a position usually subject to Public Employees' Retirement System (PERS) coverage. Or a human resources specialist may decide to take a teaching position, a position usually subject to STRS coverage. When a STRS or PERS member changes employment to a position that is subject to coverage by the other System, he or she will have an opportunity to continue coverage or change to the other System.

## Election to Continue Coverage Under the STRS DB Plan

*Change in School Employment to a Position Subject to Coverage by another California Public Retirement System*

If you are a member of the STRS DB Plan and become employed by the same or a different school district, community college district, or county superintendent of schools to perform service that requires membership in another California public retirement system, you may elect, within 60 days of your new hire date, to continue coverage under the STRS DB Plan. If

you do so, service in your new position, and any subsequent position for the same employer that would normally be subject to coverage by the other public retirement system would be treated as creditable service under the STRS DB Plan.

It is important that you study the benefit information in this booklet, as well as information provided by the other California public retirement system before making an election. A list of additional resources is provided on page 67 to assist you with questions about the STRS DB Plan. You should remember that the election:

- must be made within 60 days of the date of hire into the new position
- must be done on the appropriate form provided by the employer
- is effective as of the date of hire into the new position
- is irrevocable and applies to all subsequent service for the same employer
- remains in effect until you terminate all STRS creditable service and all service that would normally be covered by the other public retirement system **and** elect to receive a refund of your contributions to the STRS DB Plan.

### **Election to Continue Coverage under the Public Employees' Retirement System (PERS)**

*PERS School Member Changes to a Position Subject to Coverage by STRS*

A member of PERS who becomes employed by the same or a different school district, community college district, or county superintendent of schools to perform STRS creditable service, can elect, within 60 days of his or her new hire date, to continue coverage under PERS for all subsequent STRS creditable service.

The PERS member should study the benefit information in this booklet, as well as information provided by PERS before making an election. A list of additional resources is provided on page 67 to assist with questions about the STRS DB Plan. The election:

- must be made within 60 days of the date of hire into the new position
- must be done on the appropriate form provided by the employer
- is effective as of the date of hire into the new position
- is irrevocable and applies to all subsequent service that would normally be covered by the STRS DB Plan
- remains in effect until the member terminates all STRS creditable service and all public school service that would normally be covered by PERS **AND** elects to receive a refund of his or her member contributions to PERS.

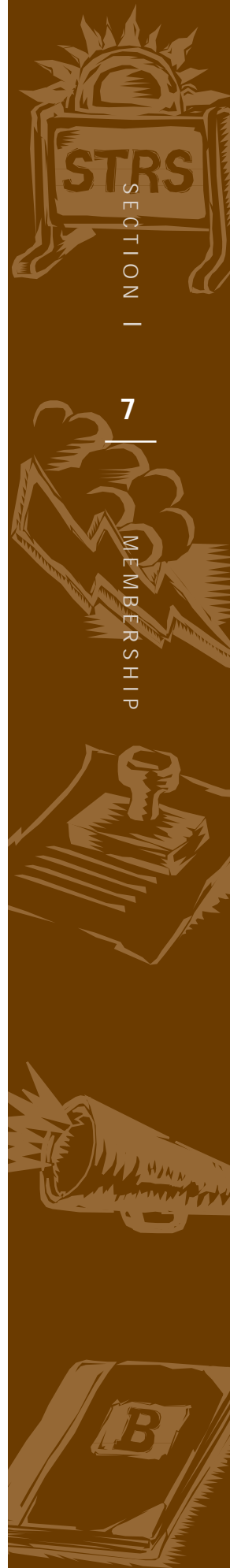
### **Member Contributions**

As a member of the STRS DB Plan, you must contribute 8 percent of your salary. Contributions are due only on the member's "creditable compensation" as defined in the Teachers' Retirement Law.

Contributions are withheld from creditable compensation by payroll deduction and deposited into your account in the STRS DB Plan. Your contributions accrue interest at a rate determined annually by the Teachers' Retirement Board.

### **Employer "Pick-Up" of Member Contributions**

Most members are employed by STRS employers that participate in the "Employer Pick-Up" Program, under the provision of the Internal Revenue Code (Section 414[h](2)). The member's contributions are "picked-up" by the employer for the sole purpose of deferring income taxes on that portion of compensation. The contributions must be deducted from your compensation and are considered creditable compensation for retirement purposes.



Tax-deferred member contributions are deposited to your account as “Employer-Paid Member Contributions.” Your Employer-Paid Member Contributions are taxable when returned to you or a beneficiary in a lump-sum or monthly allowance. For more information on taxes, see Section IX, Tax Information and Legal Issues.

### Credited Interest

At the end of each fiscal year, interest is credited to the accumulated contributions and interest in each member’s account at the “credited interest rate.” The credited interest rate is adopted annually by the Teachers’ Retirement Board and is currently set at a rate that approximates the yield on two-year Treasury Notes.

As a “defined benefit plan” member, you should understand that your retirement benefit will be calculated using a benefit formula established by law based on your age, years of service credit, and final compensation. The amount of total contributions and interest in your account is not used to calculate either your future monthly allowance or your beneficiary’s. Interest is credited to members’ accounts primarily to provide a lump-sum benefit to those members who terminate all creditable service and withdraw their contributions, or to the beneficiaries of members who die without survivors eligible for monthly benefits.

### Employer Contributions

The employing school district, community college district, or county superintendent of schools contributes 8.25 percent of the creditable compensation paid to every employee who is a member of the STRS DB Plan. Employers’ contributions are not credited to individual member accounts, but are deposited in the Teachers’ Retirement Fund to help fund the benefits payable to all plan members and their beneficiaries.

### State Contributions

The State of California currently contributes an amount equal to 4.3 percent of the total creditable compensation paid to all STRS DB Plan members during the preceding calendar year. Statutorily required to fund previously underfunded teacher benefits, the State also contributes an amount equal to 2.5 percent of prior year member salary for the Supplemental Benefit Maintenance Account and 0.307 percent of current year member salaries for “ad hoc” increases. The State’s contributions are deposited in the Teachers’ Retirement Fund in four equal payments each year. These contributions will be made until the prior year’s obligations are paid in full.

### Service Credit

Service credit is the accumulated period of time, in years and partial years, during which you receive creditable compensation for service as a member of the STRS DB Plan. In addition to credit for actual service, you may receive service credit for creditable compensation received for certain employer-approved leaves of absence.

A member’s service credit is one of the factors used to determine eligibility for benefits payable under the STRS DB Plan. For example, you must have a minimum of five years of service credit to be eligible for a service retirement allowance. (See *Member* in Section XI, Glossary.)



Service credit is also used to calculate your Service or Disability Retirement allowance, and the Family Allowance or Survivor Benefit allowance payable to survivors of an active member who dies.

You are notified of your accumulated service credit each year when you receive your Annual Statement of Account. (See page 9.)





# How Service Credit is Calculated

Service credit is calculated in the proportion that a member’s earnings (creditable compensation) bears to the compensation that the member *would have earned* if he or she had been employed and worked full-time in that position.\*

## EXAMPLE:

Janet was employed to work 50 percent of full-time in a teaching position during the 1996/97 school year. The full-time compensation *earnable* for the position was \$42,000. Janet worked every day of her 50 percent teaching contract and received \$21,000 during the school year.

## Creditable Compensation divided by Compensation Earnable equals Service Credit

creditable compensation.....	\$21,000
÷ divided by compensation earnable ....	\$42,000
= equals services credit .....	0.500
Janet would receive 0.5, or one-half year, of service credit	

You cannot receive more than one (1.000) year of service credit for any one school year. (A school year begins on July 1 and ends on June 30 of the following calendar year. In districts with a year-round schedule, service is credited in the school year in which your service began.)

Whether you are employed on a full-time or part-time basis, your compensation for service in excess of that required to receive 1.000 year of service credit in a school year (overtime) *is not* creditable compensation for retirement purposes.

For example, summer school service is always considered to be overtime service. Compensation for overtime service cannot be used for accumulation of service credit or the determination of your final compensation for the purpose of calculating a monthly allowance.

\*Calculation method since July 1, 1972.

Because compensation for overtime service is not creditable compensation for retirement purposes, you are not required to make STRS contributions on salary received for service in excess of that required to receive 1.000 year of service credit in a school year. However, if you are employed in multiple part-time or substitute positions for more than one STRS employer during a school year, it is often not possible to determine which service and compensation are not subject to contributions, until after all your service has been reported to STRS for the school year. If an adjustment to your account is necessary, it will be made after all service has been reported for the school year.

## Purchase of Additional Service Credit

You may be eligible to purchase service credit for past employment, or an approved leave of absence, for which STRS retirement contributions were not made. For example, you may be able to purchase service credit for part-time or substitute service in the California public school system before you became a STRS DB Plan Member. For more information, see Section IV, Purchase of Additional Service Credit.

## Reduced Workload Program

The STRS Reduced Workload Program was established to allow eligible members of the STRS DB Plan to reduce their workload from full-time to part-time and still receive a full year of service credit, provided all requirements of the program have been fulfilled by the participating member and employer. See Section V, Reduced Workload Program, for participation requirements.

## Annual Statement of Account

Your Annual Statement of Account is one of your most important STRS records. It provides you with information about your retirement account. An Annual Statement of Account is distributed in the fall to each member who was employed to perform creditable service and contributed to the STRS DB Plan in the previous school year.

For example, your statement in Fall 1997, is for the period July 1, 1996, through June 30, 1997.

The Statement is mailed to your home address as reported to STRS by your employer. If an employer has not provided STRS with a current home address, your Annual Statement of Account will be forwarded to the appropriate county or district superintendent's office for distribution.

An inactive member (one who has a balance remaining in their STRS DB Plan Account and was not employed during the prior school year) will receive an Annual Statement of Account, if he or she has a current address on file at STRS. An inactive member who has left his or her contributions on deposit and who has not received an Annual Statement of Account, should write to STRS to request a Statement. Be sure to include your Social Security number and current address. (Retired members and benefit recipients do not receive a Statement of Account.) Call STRS Teletalk at 1-800-228-5453 to request a statement.

Examine your Statement carefully each year for accuracy and file it with your important employment or financial records. The following information is included on your Statement:

- beginning balances of your service credit and contributions, and interest credited on member contributions at the beginning of the period (July 1 of the previous school year)
- ending balances of your service credit and contributions, and interest earned on member contributions as of June 30 of the last school year


Information about the past school year July 1 through June 30 includes:

- interest credited on your accumulated contributions
- service credit you earned
- contributions credited to your STRS account

The service credit shown on your Annual Statement of Account is based on the creditable compensation and annual compensation earnable reported by your employer(s) to STRS. (See Section XI, Glossary, Creditable Compensation.) The member contributions are the contributions that were reported by your employer(s).

Service credit and contributions after June 30 will be included in your next Annual Statement of Account. If you have purchased additional service credit or redeposited contributions that were previously refunded, the changes will first appear on the Statement of Account for the school year during which the final payment was made.

In addition to service credit, contributions, and interest, the Annual Statement of Account provides other key information:

- Coverage   
Do you have Coverage A or Coverage B for disability and survivor benefits?  
If you became a member October 16, 1992, or later, you are covered under Coverage B. If you became a member before October 16, 1992, you are covered under either Coverage A or B.
- Beneficiary Designation Information  
If you have filed a beneficiary designation since 1986 for payment of the lump-sum death payment, the Statement will identify the designated beneficiaries.
- Benefit Estimate  
If you are age 50 or older and have earned at least one full year of service credit, the Annual Statement will include an estimate of your future Service Retirement allowance for retirement at age 55 and at age 60.

If you need to call STRS, it will be helpful to have your Annual Statement of Account available. Your Social Security number is your STRS identification number.



## Communication with Employers and Employee Organizations

STRS maintains several channels of communication with employers and employer organizations. The Employer Advisory Committee is composed of county and district employer representatives and STRS staff. The Committee meets regularly and discusses issues relating to legislative proposals, policy questions, and benefit plan administration.

Twice a year, STRS staff conducts training sessions, or Employer Institutes, with one presented in southern California and another in northern California. STRS processes, laws, and policies are discussed with employer staff, giving an opportunity for STRS staff and employers to exchange information.

Many counties utilize the Remote Employer Access Program which provides the employer direct access to the STRS database. Counties are able to verify membership data, improving the accuracy of reporting.

Periodically, STRS Employer Information Circulars are sent to employers to post where members may read them.

STRS distributes Administrative Directives to employers as needed to explain new policies or procedures.

STRS also provides information to the newsletter editors of STRS member and retired member organizations.

The Client Advisory Committee includes members of various organizations representing STRS members, employers, and benefit recipients. This committee meets regularly to discuss STRS policies, information delivery system, and services to members and benefit recipients.

## Member Newsletters

The STRS *Bulletin* is published twice a year and mailed to all members, retired members, and benefit recipients. The STRS *Retired Educator* is published twice a year and mailed to all retired members and benefit recipients.



SECTION I

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MEMBERSHIP





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